

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Charter Township of Raisin	County Lenawee
Fiscal Year End 12/31/05	Opinion Date 05/18/06	Date Audit Report Submitted to State 06/23/06	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

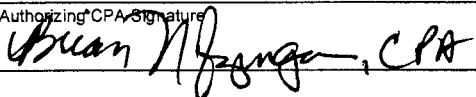
YES
NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☐ ☒ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☒ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>	N/A	
Certified Public Accountant (Firm Name) Gross, Puckey, Gruel & Roof, P.C.		Telephone Number 517-263-5788	
Street Address 153 E Maumee Street		City Adrian	State MI
		Zip 49221	
Authorizing CPA Signature 		Printed Name Brian Nofzinger	
		License Number 1101022634	

CHARTER TOWNSHIP OF RAISIN
Lenawee County, Michigan

FINANCIAL STATEMENTS and
INDEPENDENT AUDITORS' REPORT

Year Ended December 31, 2005

CHARTER TOWNSHIP OF RAISIN

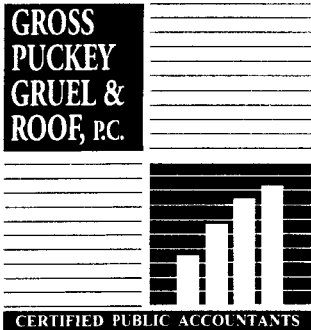
Lenawee County, Michigan

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

Year Ended December 31, 2005

TABLE OF CONTENTS

	<u>Page Number</u>
Independent Auditors' Report	1
Management Discussion and Analysis	2 - 5
Basic Financial Statements:	
Statement of Net Assets	6
Statement of Activities	7
Balance Sheet - Governmental Funds	8
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund	9
Balance Sheet - Proprietary Fund	10
Statement of Revenues, Expenditures and Changes in Net Assets - Proprietary Fund	11
Statement of Cash Flows - Proprietary Fund	12
Statement of Assets and Liabilities - Fiduciary Fund	13
Notes to the Financial Statements	14 - 20
Required Supplemental Information:	
Budgetary Comparison Schedule - General Fund	21
Budgetary Comparison Schedule - Public Safety Fund	22
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	23



INDEPENDENT AUDITORS' REPORT

ADRIAN, MICHIGAN
JACKSON, MICHIGAN

To the Township Board
Charter Township of Raisin
Lenawee County, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of Raisin, Lenawee County, Michigan, as of and for the year ended December 31, 2005, as listed in the table of contents. These financial statements are the responsibility of the Charter Township's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of Raisin, Lenawee County, Michigan as of December 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 2 through 5 and 21 through 22, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter Township of Raisin, Lenawee County, Michigan's basic financial statements. The introductory section is presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Gross Puckey Gruel & Roof, P.C.

Adrian, Michigan
May 18, 2006

Charter Township of Raisin

MANAGEMENT DISCUSSION AND ANALYSIS

For the Fiscal Year Ended December 31, 2005

The Management's discussion and analysis, a requirement of GASB 34, is intended to be the Charter Township of Raisin Management's discussion and analysis of the financial results for the year ended December 31, 2005. As management of the Charter Township of Raisin, we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the Township.

FINANCIAL HIGHLIGHTS

- The assets of Raisin Township exceeded its liabilities at the close of the most recent fiscal year by \$1,267,538 (*net assets*). Of this amount \$611,321 (*unrestricted net assets*) may be used to meet the township's ongoing obligations to citizens and creditors.
- As of the close of the fiscal year, Township's governmental funds reported combined ending fund balances of \$1,252,608, an increase of \$6,338 in comparison with the prior year. Approximately 48% is available for spending at the discretion of the Township (*unreserved balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$501,073 or 71% of total general fund expenditures.
- The Township's total debt decreased by \$132,389 (15%) during the current fiscal year. The key factor in this decrease was timely payments.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to Raisin Township's basic financial statements. The Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information, in addition to the basic financial statements themselves.

Government-wide financial statements. *The government-wide financial statements* are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Township's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the Township's financial position is improving or deteriorating.

The *statement of activities* presents information showing how the Township's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Township include: general government, public safety, and construction bond fund. The business-type activities of the Township include: building fund. The government-wide financial statements can be found on pages 6-7 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Raisin Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial

statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Raisin Township maintains 3 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Public Safety, and Construction Bond Funds. The General Fund and Public Safety Fund are considered to be major funds with the Construction Bond Fund the only non-major fund.

The Township adopts an annual appropriated budget for its general fund and special revenue funds. A budgetary comparison statement has been provided for the general fund and other major funds to demonstrate compliance with this budget.

Proprietary funds. Raisin Township maintains a single proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Township uses enterprise fund to account for its Building services. Because this service predominantly benefits governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are *not* available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The Township uses fiduciary funds to account for its taxes collected for other governmental units.

The basic fiduciary fund financial statements can be found on pages 13 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 14 - 20 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*: Budgetary Comparison Schedules for both the General and Public Safety Funds. Required supplementary information can be found on pages 21 - 22 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Raisin Township, assets exceeded liabilities by \$1,267,538 at the close of the most recent fiscal year. By far the most significant portion of the Township's net assets (52%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The Township used these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The remaining balance of *unrestricted net assets* (\$611,321) may be used to meet the Township's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Township is able to report positive balances in both categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The Township's net assets increased by \$16,566 during the current fiscal year as discussed below.

Governmental activities. Governmental activities increased the Township's net assets by \$6,338. Key elements of this increase are as follows:

- The Township realized \$14,626 more investment income in 2005 than during 2004, mostly as a result of increased interest rates.
- The amount spent on public work projects in 2005 increased by \$145,004 over 2004 as a result of increased road construction.
- The public safety department continues to experience higher costs, a \$53,278 increase in net expenses over 2004.
- Property tax revenues increased by \$47,140 due to the increasing development in the Township which increases taxable base.
- Capital expenditures decreased in \$297,155 over 2005, since some capital outlay was delayed until 2006.
- For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.

Business-type activities. Business-type activities increased the Township's net assets by \$10,228, accounting for 62% of the total growth in the Township's net assets. Key elements of this increase are as follows:

- There was a 12% increase in charges for services (permits) which represented a \$13,170 increase over 2004. In addition, the building department expenses increased \$7,887 or 8%, which combined with the 12% increase in revenues caused the net asset increase to \$10,288 versus \$4,313 in 2004.

Financial Analysis of the Township's Funds

As noted earlier, the Township used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Township's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Township's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a Township's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$596,391, a decrease of \$6,473 in comparison with the prior year. Approximately 100% of this total amount, \$596,391, constitutes *unreserved fund balance*, which is available for spending at the Township's discretion. The fund balance of the Township's general fund increased by \$20,520 during the current fiscal year. Key factors were as follows:

- The Township's tax base continues to grow as new construction and subdivisions come into the area, causing tax revenues to increase.
- Due to increased rescue calls in the Public Safety's ambulance/paramedic runs.
- The Township hired additional officers for the police department.

Proprietary funds. The Township's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Building Fund at the end of the year amounted to \$ 14,930. The total growth in net assets was \$10,228. Other factors concerning the finances of the fund have already been addressed in the discussion of the Township's business-type activities.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were \$97,866 increase in budgeted expenditures in the general fund and and \$14,220 in budgeted expenses in the public safety fund. The highlights can be briefly summarized as follows:

- During the course of the year, the board adjusted the budgeted expenses as it became apparent that the public safety expenditures were going to exceed budgeted amounts. In addition, the board also chose to adjust the

budget as it saw additional spending needs in the legislative, public safety and public works categories. These additional needs included, but were not limited to, wages and supplies.

Capital Asset and Debt Administration

Capital assets. The Township's investment in capital assets for its governmental and business type activities as of December 31, 2005, amounts to \$1,392,211 (net of accumulated depreciation). This investment in capital assets includes: land, buildings and system, improvements, machinery and equipment, furniture and fixtures, etc. The total decrease in the Township's investment in capital assets for the current fiscal year was 8% (decrease for governmental activities only).

There were no major capital asset events during the current fiscal year.

Details of the Township's capital assets are continued in the notes to the financial statements on page 19.

Long-term debt. At the end of the current fiscal year, the Township had total bonded and installment debt outstanding of \$735,994. Of this amount, \$380,994 comprises debt backed by the full faith and credit of the government and \$355,000 represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

Additional information on the Township's long-term debt can be found in the notes on pages 19 - 20.

Economic Factors and Next Year's Budgets and Rates

The unemployment rate is still high in the State of Michigan and the State's shortfall in the budget means further reductions in state-shared revenues. State-shared revenues are expected to remain constant with a chance of a decrease in the 2006 fiscal year. The Township budgeted for a decrease in state-shared revenue, but additional cuts have already been made and more cuts are expected before the end of the fiscal year. These factors were considered in preparing the Township's budget for the 2006 fiscal year.

During the current fiscal year, unreserved fund balance in the general fund increased to \$501,073.

The Public Safety Fund's rescue call rates actually increased by an average of 5.3% for all call types. These rate increases were necessary to finance the debt service and the ongoing rescue call system improvements.

The Public Safety employees have set a vote to determine if they will unionize. The outcome of that vote may have an impact on the 2006 budget.

Capital spending has been increased for 2006. The following has been approved for purchase: two police vehicles, vehicle for the building department, and a grass rig for public safety.

Finally, for 2006 the police department has been split from the Public Safety Fund and the Township has established a separate Police Department Fund and re-named the other Fire Department Fund.

Requests for Information

This financial report is designed to provide a general overview of Raisin Township's finances for all those with an interest in the township's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Carl F. Wagner
Township Supervisor
Charter Township of Raisin
5525 Occidental Highway
Tecumseh, Michigan 49286
Fax: (517) 423-6732, Phone: (517) 423-3162
Or Email – supervisor@raisintownship.com

CHARTER TOWNSHIP OF RAISIN

STATEMENT OF NET ASSETS

December 31, 2005

	Primary Government		
	Governmental Activities	Proprietary Activities	Total
<u>ASSETS</u>			
Current Assets			
Cash and deposits	\$ 572,422	\$ 31,430	\$ 603,852
Due from other funds	912,310	-	912,310
Accounts receivable	29,593	-	29,593
Total Current Assets	<u>1,514,325</u>	<u>31,430</u>	<u>1,545,755</u>
Non-current Assets			
Capital assets	2,950,346	-	2,950,346
Less: accumulated depreciation	(1,558,135)	-	(1,558,135)
Total Non-current Assets	<u>1,392,211</u>	<u>-</u>	<u>1,392,211</u>
Total assets	2,906,536	31,430	2,937,966
<u>LIABILITIES</u>			
Current Liabilities			
Accounts payable	46,486	640	47,126
Due to other funds	55,644	15,860	71,504
Deferred revenue	815,804	-	815,804
Current portion of long term liabilities	134,277	-	134,277
Total Current Liabilities	<u>1,052,211</u>	<u>16,500</u>	<u>1,068,711</u>
Non-current Liabilities			
Non-current portion of long term liabilities	601,717	-	601,717
Total Non-current Liabilities	<u>601,717</u>	<u>-</u>	<u>601,717</u>
Total liabilities	1,653,928	16,500	1,670,428
Net Assets			
Investment in capital assets, net of related debt	656,217	-	656,217
Unrestricted designated for capital projects	6,399	-	6,399
Unrestricted / undesignated	589,992	14,930	604,922
Total Net Assets	<u>\$ 1,252,608</u>	<u>\$ 14,930</u>	<u>\$ 1,267,538</u>

The accompanying notes are an integral part of these financial statements.

CHARTER TOWNSHIP OF RAISIN

STATEMENT OF ACTIVITIES

Year Ended December 31, 2005

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u>		<u>Governmental Activities</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
Governmental activities:				
Legislative	\$ 137,722	\$ -	\$ -	\$ (137,722)
General government	264,103	24,085	-	(240,018)
Public safety	836,760	178,878	15,316	(642,566)
Public works	182,464	-	-	(182,464)
Culture and recreation	41,920	-	-	(41,920)
Depreciation (unallocated)	105,233	-	-	(105,233)
Total governmental activities	<u>1,568,202</u>	<u>202,963</u>	<u>15,316</u>	<u>(1,349,923)</u>
Proprietary activities:				
Building fund	<u>111,832</u>	<u>122,060</u>	<u>-</u>	<u>10,228</u>
Total primary government	<u>\$ 1,680,034</u>	<u>\$ 325,023</u>	<u>\$ 15,316</u>	<u>(1,339,695)</u>
General Revenues:				
				770,780
Taxes and penalties				444,330
State revenue sharing				41,403
Interest and rentals				99,748
Other revenue				<u>1,356,261</u>
Total general revenues and transfers				
Change in Net Assets				16,566
Net assets - beginning				<u>1,250,972</u>
Net assets - ending				<u>\$ 1,267,538</u>

The accompanying notes are an integral part of these financial statements.

CHARTER TOWNSHIP OF RAISIN

**BALANCE SHEET
GOVERNMENTAL FUNDS**

December 31, 2005

	<u>Major</u>		<u>Non-Major</u>	<u>Total</u>
	<u>General</u>	<u>Public Safety</u>	<u>Capital Improvement</u>	<u>Governmental Funds</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 442,867	\$ 128,156	\$ 1,399	\$ 572,422
Accounts receivable	-	29,593	-	29,593
Due from other funds	<u>907,310</u>	<u>-</u>	<u>5,000</u>	<u>912,310</u>
	<u>\$1,350,177</u>	<u>\$ 157,749</u>	<u>\$ 6,399</u>	<u>\$1,514,325</u>
<u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES:				
Accounts payable	\$ 33,300	\$ 13,186	\$ -	\$ 46,486
Deferred revenues	815,804	-	-	815,804
Due to other funds	<u>-</u>	<u>55,644</u>	<u>-</u>	<u>55,644</u>
TOTAL LIABILITIES	849,104	68,830	-	917,934
FUND BALANCES:				
Designated for capital projects	-	-	6,399	6,399
Unrestricted	<u>501,073</u>	<u>88,919</u>	<u>-</u>	<u>589,992</u>
TOTAL FUND BALANCES	<u>501,073</u>	<u>88,919</u>	<u>6,399</u>	<u>596,391</u>
	<u>\$1,350,177</u>	<u>\$ 157,749</u>	<u>\$ 6,399</u>	<u>\$1,514,325</u>

Total Governmental Fund Balances \$ 596,391

Amounts reported for governmental activities in the statement of net assets are different because:

* Capital assets used in governmental activities are not financial resources and are not reported in the funds.	1,392,211
* Long-term liabilities are not due and payable in the current period and are not reported in the funds.	(735,994)
* Proprietary fund balance included in government-wide balances	<u>14,930</u>
Net assets of governmental activities	<u>\$1,267,538</u>

The accompanying notes are an integral part of these financial statements.

CHARTER TOWNSHIP OF RAISIN
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
 BALANCE - GOVERNMENTAL FUNDS**
Year Ended December 31, 2005

	<u>General</u>	<u>Public Safety</u>
REVENUES:		
Taxes and penalties	\$ 679,480	\$ 91,300
State revenue sharing	444,330	-
Charges for services	24,085	178,878
Interest and rentals	38,084	3,286
Other revenue	<u>92,172</u>	<u>7,576</u>
Total revenues	1,278,151	281,040
EXPENDITURES:		
Current		
Legislative	137,722	-
General government	249,758	-
Public safety	10,767	825,993
Public works	182,464	-
Culture and recreation	41,920	-
Debt service	80,000	52,389
Capital outlay	<u>-</u>	<u>-</u>
Total expenditures	<u>702,631</u>	<u>878,382</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>575,520</u>	<u>(597,342)</u>
OTHER FINANCING SOURCES (USES):		
Grant proceeds	-	15,316
Operating transfers in	20,000	575,000
Operating transfers out	<u>(575,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(555,000)</u>	<u>590,316</u>
Net change in fund balances	20,520	(7,026)
FUND BALANCES:		
Fund Balance - January 1, 2005	<u>480,553</u>	<u>95,945</u>
Fund Balance - December 31, 2005	<u>\$ 501,073</u>	<u>\$ 88,919</u>

Net Change in Fund Balances - Total Governmental Funds

Amounts reported for governmental activities in the statement of activities are different because:

- * Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation.
- * Gains and losses on the disposal of fixed assets are included in the statement of activities but not as expenditures in the governmental funds.
- * Repayments of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt.)
- * Proprietary fund change in fund balance included in government-wide balances

Changes in net assets of governmental activities

<u>Capital Improvement</u>	<u>Total Governmental Funds</u>
\$ -	\$ 770,780
-	444,330
-	202,963
33	41,403
-	99,748
<u>33</u>	<u>1,559,224</u>
-	137,722
-	249,758
-	836,760
-	182,464
-	41,920
-	132,389
-	-
<u>-</u>	<u>1,581,013</u>
<u>33</u>	<u>(21,789)</u>
-	15,316
-	595,000
<u>(20,000)</u>	<u>(595,000)</u>
<u>(20,000)</u>	<u>15,316</u>
(19,967)	(6,473)
<u>26,366</u>	<u>602,864</u>
<u>\$ 6,399</u>	<u>\$ 596,391</u>
	\$ (6,473)
	(105,233)
	(14,345)
	132,389
	<u>10,228</u>
	<u>\$ 16,566</u>

The accompanying notes are an integral part of these financial statements.

CHARTER TOWNSHIP OF RAISIN

BALANCE SHEET
PROPRIETARY FUND

December 31, 2005

	<u>Building Fund</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 31,430
Due from other funds	<u>-</u>
	<u>\$ 31,430</u>
 <u>LIABILITIES AND NET ASSETS</u>	
LIABILITIES:	
Accounts payable	\$ 640
Due to other funds	<u>15,860</u>
TOTAL LIABILITIES	16,500
NET ASSETS	
Unrestricted	<u>14,930</u>
TOTAL NET ASSETS	<u>\$ 31,430</u>

The accompanying notes are an integral part of these financial statements.

CHARTER TOWNSHIP OF RAISIN

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS
 PROPRIETARY FUND

Year Ended December 31, 2005

	Building Fund
REVENUES:	
Charges for services	\$ 121,288
Interest and rentals	<u>772</u>
Total revenues	122,060
EXPENDITURES:	
Current	
Building department	<u>111,832</u>
Total expenditures	<u>111,832</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	10,228
NET ASSETS:	
Net Assets - January 1, 2005	<u>4,702</u>
Net Assets - December 31, 2005	<u>\$ 14,930</u>

The accompanying notes are an integral part of these financial statements.

CHARTER TOWNSHIP OF RAISIN

STATEMENT OF CASH FLOWS - PROPRIETARY FUND

Year Ended December 31, 2005

	<u>Building Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	\$ 121,288
Cash paid to employees and suppliers	(114,669)
Cash received for interest	<u>772</u>
Net cash from operations	7,391
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Operating transfers from other funds	<u>8,762</u>
Net cash from non-capital financing activities	<u>8,762</u>
INCREASE (DECREASE) IN CASH	16,153
BALANCE AT BEGINNING OF YEAR	<u>15,277</u>
BALANCE AT END OF YEAR	<u>\$ 31,430</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ 10,228
Adjustments to reconcile operating income (loss) to net	
cash provided (used) by operating activities:	
Increase (decrease) in accounts payable	<u>(2,837)</u>
Net cash provided (used) by operating activities	<u>\$ 7,391</u>

The accompanying notes are an integral part of these financial statements.

CHARTER TOWNSHIP OF RAISIN

STATEMENT OF ASSETS AND LIABILITIES

FIDUCIARY FUND

December 31, 2005

	<u>Trust and Agency</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 1,211,887
Taxes receivable	<u>1,745,506</u>
	<u>\$ 2,957,393</u>
 <u>LIABILITIES AND FUND BALANCES</u>	
LIABILITIES:	
Due to other funds	\$ 840,806
Due to other governmental units	<u>2,116,587</u>
TOTAL LIABILITIES	<u>\$ 2,957,393</u>

The accompanying notes are an integral part of these financial statements.

CHARTER TOWNSHIP OF RAISIN

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2005

I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic primary government financial statements of Charter Township of Raisin, Lenawee County, Michigan (the Township) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The more significant of the Township's accounting policies are described below.

A. Reporting entity

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the Charter Township of Raisin and any component units. Accounting principles require that a component unit be included in the Township's reporting entity when there exists a significant operational or financial relationship with the Township. The Township had no component units at December 31, 2005.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Government activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

CHARTER TOWNSHIP OF RAISIN

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2005

I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement focus, basis of accounting, and financial statement presentation (Continued)

Property taxes, state revenue sharing, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Township.

The Township reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *public safety fund* is used to account for the revenues and expenditures related to fire and police protection.

The Township reports the following major proprietary fund:

The *building department fund* is used to account for the building department's revenues and expenditures.

Additionally, the Township reports the following fund type:

Agency Funds (*Tax Collection Fund*) account for assets held by the Township as an agent for other governments. Agency funds are reported as fiduciary funds and are not included in the government-wide Statement of Net Assets and Statement of Activities.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Township has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Township enterprise fund are charges to customers for services. Operating expenses for the enterprise fund include the cost of services, administrative expenses, and depreciation of capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted resources as they are needed.

CHARTER TOWNSHIP OF RAISIN

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2005

I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, liabilities, and net assets or equity

1. Deposits and investments

The Township's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances". All trade and property tax receivables are shown net of an allowance for uncollectibles.

The Township levies property taxes on December 1 each year, and the taxes are payable without penalty through February 28. These taxes become liens on the property at the levy date. However, the revenues generated by the tax levy cannot be appropriated until the budget year following the levy date. The asset created by the levy on December 1 is recorded in the appropriate fund as current taxes receivable. In addition, a deferred revenue offset account is recorded on the fund financial statement recognizing the asset as unavailable for current appropriation.

The 2004 taxable valuation of the Township totaled \$201 million, on which taxes levied consisted of 3.000 mills for operating purposes, and 0.4549 mills for public safety. This resulted in \$603,807 for operating and \$91,300 for public safety. These amounts are recognized in the respective General and Special Revenue (Public Safety) Fund financial statements as tax revenue.

The 2005 taxable valuation of the Township totaled \$244 million, on which taxes levied consisted of 3.000 mills for operating purposes, and 0.4549 mills for public safety. This resulted in \$695,351 for operating and \$105,438 for public safety. These amounts are recognized in the respective fund financial statements as deferred revenue.

3. Capital assets

Capital assets, which include property and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial, individual cost of more than \$3,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	25 – 50
Furniture and equipment	5 – 15
Vehicles and buses	7

CHARTER TOWNSHIP OF RAISIN

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2005

I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, liabilities, and net assets or equity(Continued)

4. Long-term liabilities

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

5. Fund equity

In the fund financial statements, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

6. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates

II: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The Township follows these procedures in establishing the budgetary data reflected in these financial statements:

1. The Township Board prepares a preliminary operating budget covering the General, Special Revenue, and the Proprietary Funds in accordance with accounting principles generally accepted in the United States of America for presentation at a public hearing.
2. A public hearing is held in conjunction with a regular board meeting.
3. The Township Board adopts the budget on the departmental level at a regular meeting.
4. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. The amount of encumbrances at December 31, 2005, has not been calculated.
5. Presented budgeted amounts are as originally adopted and as amended by the Township Board.

The Township did not adopt a budget for Capital Improvement Fund (non-major fund).

CHARTER TOWNSHIP OF RAISIN

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2005

II: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Excess of Expenditures Over Appropriations

State statutes provide that a local unit shall not incur expenditures in excess of the amount appropriated. In the general-purpose financial statements, the Township's actual expenditures and budgetary expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the Township for those budgetary funds were adopted to the functional level. During the year ended December 31, 2005 the Township incurred expenditures in certain budgetary funds which were in excess of the amount appropriated. Expenditures of the legislative function of the General Fund and public safety function of the Special Revenue Fund exceeded the approved budget by \$21,545 and \$68,391, respectively.

III: DETAILED NOTES ON ALL FUNDS

A. Cash and investments

Township policy limits the Treasurer's investing options to financial institutions with branches located in the local area. All accounts are in the name of the Township and a specific fund. They are recorded at cost and interest is recorded when the deposits mature or accrue.

Statutes authorize the Township to invest in obligations of the U.S. Treasury and U.S. agencies or instrumentalities, U.S. government or federal agency obligation repurchase agreements, obligations of the State, Certificates of Deposit, Commercial paper rated prime, Bankers' acceptances, and Mutual funds and Investment pools composed instruments that are legal for direct investment by a local unit of government in Michigan.

As of December 31, 2005 the Township of Raisin had the following amounts deposited:

	Maturity Date	Interest Rate	Amount
<u>General Fund:</u>			
Cash on hand – Petty Cash	N/A	N/A	\$ 564
United Bank and Trust			
General checking	N/A	2.89%	449
Moneymaster	N/A	2.90%	202,016
Certificate of Deposit	02/28/06	4.43%	3,000
Fire Insurance Escrow	N/A	0.25%	210
Park Sinking Fund	N/A	2.89%	9,174
Capital Improvements Roads	N/A	2.46%	70,032
			<u>284,881</u>
MBIA Class	N/A	5.11%	157,422
			<u>\$ 442,867</u>
<u>Special Revenue Fund:</u>			
United Bank and Trust			
Checking	N/A	2.89%	\$ 2,340
MoneyMaster	N/A	2.90%	40,026
Safety Fund	N/A	2.89%	85,790
			<u>\$ 128,156</u>
<u>Capital Improvement Fund:</u>			
United Bank and Trust			
Checking	N/A	2.90%	\$ 1,399

CHARTER TOWNSHIP OF RAISIN

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2005

III: DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash and investments

Proprietary Fund:

United Bank and Trust

Checking	N/A	2.89%	\$	31,430
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Fiduciary Fund:

United Bank and Trust

Winter tax MoneyMaster	N/A	2.89%	\$	1,146,821
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Winter tax checking	N/A	2.90%		4
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Summer tax MoneyMaster	N/A	2.89%		69,857
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Summer tax checking	N/A	2.90%		(4,795)
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\$	1,211,887
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Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned to the Township. The township does not have a policy for custodial credit risk. At year end, the following represents the custodial credit risk of the Township:

	Carrying amount	Bank Balance
Insured Amount	\$ 200,000	\$ 200,000
Uninsured - uncollateralized	1,615,175	1,969,943
	<u>\$ 1,815,175</u>	<u>\$ 2,169,943</u>

B. Capital assets

Capital asset activity for the fiscal year ended December 31, 2005 was as follows:

	Balance December 31, 2004	Additions	Disposals	Balance December 31, 2005
<u>Cost</u>				
Land and buildings	\$ 1,476,945	\$ -	\$ (600)	\$ 1,476,345
Fire / ambulance equipment	1,371,467	-	(1,270)	1,370,197
Voting equipment	8,132	-	(720)	7,412
Township furniture / fixtures	100,057	-	(15,163)	84,894
Township equipment	11,498	-	-	11,498
Totals at historical cost	<u>2,968,099</u>	<u>-</u>	<u>(17,753)</u>	<u>2,950,346</u>
<u>Accumulated depreciation</u>				
Land and buildings	(318,011)	(42,571)	120	(360,462)
Fire / ambulance equipment	(1,052,390)	(49,527)	255	(1,101,662)
Voting equipment	(7,412)	-	-	(7,412)
Township furniture / fixtures	(66,999)	(13,135)	3,033	(77,101)
Township equipment	(11,498)	-	-	(11,498)
Total accumulated depreciation	<u>(1,456,310)</u>	<u>(105,233)</u>	<u>3,408</u>	<u>(1,558,135)</u>
CAPITAL ASSETS - NET	<u>\$ 1,511,789</u>	<u>\$ (105,233)</u>	<u>\$ (14,345)</u>	<u>\$ 1,392,211</u>

Depreciation expense was not allocated to governmental functions. It appears on the statement of activities as "unallocated."

CHARTER TOWNSHIP OF RAISIN

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2005

III: DETAILED NOTES ON ALL FUNDS (Continued)

C. Long-term liabilities

a. Debt service requirements at December 31, 2005 were as follows:

Year Ended December 31,	Governmental Activities		
	Principal	Interest	Total
2006	\$ 134,277	\$ 37,918	\$ 172,195
2007	122,578	34,751	157,329
2008	53,658	21,885	75,543
2009	39,027	19,410	58,437
2010	40,217	18,221	58,438
2010-2023	346,237	97,097	443,334
TOTAL	<u>\$ 735,994</u>	<u>\$ 229,282</u>	<u>\$ 965,276</u>

b. Changes in long-term liabilities:

	Balance January 1	Additions	Deductions	Balance December 31	Current Portion
<u>Governmental:</u>					
Notes payable – land	\$ 210,000	\$ -	\$ (70,000)	\$ 140,000	\$ 70,000
Lease payable – 2002 Tanker Truck	188,784	-	(19,805)	168,979	20,785
Lease payable – 2003 Ford Crown Victoria	29,052	-	(14,072)	14,980	14,980
Note payable – 2003 Ambulance	75,547	-	(18,512)	57,035	18,512
Note payable – Capital Bond Fund	365,000	-	(10,000)	355,000	10,000
TOTAL	<u>\$ 868,383</u>	<u>\$ -</u>	<u>\$(132,389)</u>	<u>\$ 735,994</u>	<u>\$134,277</u>

The interest expenditures on long-term obligations for the year were \$37,964.

IV: OTHER INFORMATION

A. Post employment benefits

The Township provides no post employment benefits to retirees.

B. Risk management

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions, and employee injuries (worker's compensation). The Township has purchased commercial insurance for property loss, torts and workers' compensation claims. Settled claims related to the commercial insurance have not exceeded the amount of insurance coverage in any of the past four fiscal years.

CHARTER TOWNSHIP OF RAISIN

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Year Ended December 31, 2005

	General Fund			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over(Under)</u>
REVENUES:				
Taxes and penalties	\$ 603,807	\$ 603,807	\$ 679,480	\$ 75,673
State revenue sharing	447,369	447,369	444,330	(3,039)
Charges for services	20,614	20,614	24,085	3,471
Interest and rentals	18,050	18,050	38,084	20,034
Other revenue	<u>103,450</u>	<u>103,450</u>	<u>92,172</u>	<u>(11,278)</u>
Total revenues	1,193,290	1,193,290	1,278,151	84,861
EXPENDITURES:				
Current				
Legislative	100,119	116,177	137,722	21,545
General government	273,331	346,139	249,758	(96,381)
Public safety	17,969	17,969	10,767	(7,202)
Public works	177,087	186,087	182,464	(3,623)
Culture and recreation	51,696	51,696	41,920	(9,776)
Debt retirement	114,000	114,000	80,000	(34,000)
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>734,202</u>	<u>832,068</u>	<u>702,631</u>	<u>(129,437)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>459,088</u>	<u>361,222</u>	<u>575,520</u>	<u>214,298</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers in	-	-	20,000	20,000
Operating transfers out	<u>(562,500)</u>	<u>(563,830)</u>	<u>(575,000)</u>	<u>(11,170)</u>
Total other financing sources (uses)	<u>(562,500)</u>	<u>(563,830)</u>	<u>(555,000)</u>	<u>8,830</u>
Net change in fund balances	<u>\$ (103,412)</u>	<u>\$ (202,608)</u>	20,520	<u>\$ 223,128</u>
FUND BALANCES:				
Fund Balance - January 1, 2005			<u>480,553</u>	
Fund Balance - December 31, 2005			<u>\$ 501,073</u>	

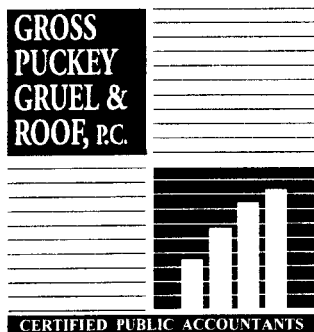
The accompanying notes are an integral part of these financial statements.

CHARTER TOWNSHIP OF RAISIN

BUDGETARY COMPARISON SCHEDULE
MAJOR SPECIAL REVENUE FUNDS
Year Ended December 31, 2005

	Public Safety Fund			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over(Under)</u>
REVENUES:				
Taxes and penalties	\$ 91,300	\$ 91,300	\$ 91,300	\$ -
Charges for services	133,820	133,820	178,878	45,058
Interest and rentals	500	500	3,286	2,786
Other revenue	<u>3,620</u>	<u>3,620</u>	<u>7,576</u>	<u>3,956</u>
Total revenues	229,240	229,240	281,040	51,800
EXPENDITURES:				
Public safety	743,382	757,602	825,993	68,391
Debt service	<u>84,560</u>	<u>84,560</u>	<u>52,389</u>	<u>(32,171)</u>
Total expenditures	<u>827,942</u>	<u>842,162</u>	<u>878,382</u>	<u>36,220</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(598,702)</u>	<u>(612,922)</u>	<u>(597,342)</u>	<u>15,580</u>
OTHER FINANCING SOURCES (USES):				
Grant proceeds	12,200	12,200	15,316	3,116
Operating transfers in	<u>562,500</u>	<u>562,500</u>	<u>575,000</u>	<u>12,500</u>
Total other financing sources (uses)	<u>574,700</u>	<u>574,700</u>	<u>590,316</u>	<u>15,616</u>
Net change in fund balances	<u>\$ (24,002)</u>	<u>\$ (38,222)</u>	<u>(7,026)</u>	<u>\$ 31,196</u>
FUND BALANCES:				
Fund Balance - January 1, 2005			<u>95,945</u>	
Fund Balance - December 31, 2005			<u>\$ 88,919</u>	

The accompanying notes are an integral part of these financial statements.



ADRIAN, MICHIGAN
JACKSON, MICHIGAN

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Township Board
Charter Township of Raisin
Lenawee County, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of Raisin, Lenawee County Michigan, as of and for the year ended December 31, 2005, which collectively comprise the Township's basic financial statements and have issued our report thereon dated May 18, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

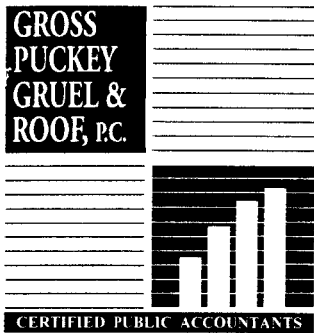
In planning and performing our audit, we considered the Charter Township of Raisin's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Charter Township of Raisin's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management, Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Adrian, Michigan
May 18, 2006



ADRIAN, MICHIGAN
JACKSON, MICHIGAN

May 18, 2006

To the Township Board
Raisin Charter Township

We have audited the financial statements of Raisin Charter Township for the year ended December 31, 2005, and have issued our report thereon dated May 18, 2006. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or other illegal acts may exist and not be detected by us.

As part of our audit, we considered the internal control of Raisin Charter Township. Such considerations were solely for determining our audit procedures and not to provide any assurance concerning such internal control.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Raisin Charter Township are described in Note 1 to the financial statements. We noted no transactions entered into by the Organization during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Significant Audit Adjustments

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. These adjustments may include those proposed by us but not recorded by the Township that could potentially cause future financial statements to be materially misstated, even though we have concluded that such adjustments are not material to the current financial statements. We proposed several audit adjustments that would, in our judgment, either individually or in the aggregate, have a significant effect on the Organization's financial reporting process. These are listed in the "Other Matters" section of this letter.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Township's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

The difficulties we encountered in dealing with management in performing and completing our audit are noted in "Other Matters" section of this letter.

Other Matters

We include the following comments and recommendations with respect to matters which came to our attention during the course of our audit of the financial statements. Our audit procedures are designed primarily to enable us to form an opinion on the financial statements, and therefore may not bring to light all weaknesses in policies or procedures that may exist. However, these matters are offered as constructive suggestions for the consideration of management as part of the ongoing process of modifying and improving accounting controls and the financial and administrative practices and procedures.

1. Again this year during our audit we made several material adjusting entries to the due to and due from accounts and payroll liabilities that we would normally consider unusual. We feel that the board should be aware of such adjustments.
2. We have noted several instances where the Township is in violation with the Uniform Accounting and Budgeting Act. We recommend in mid December the treasurer and clerk review the expenditure balances and projected expenditures through the end of the year and propose budget amendments for board approval prior to the year end.

3. We noticed that the township has not kept up with the State's Uniform Chart of Accounts issued by the Department of Treasury. We recommend that the clerk reviews the account numbers with those from the Uniform Chart of Accounts and modify those accounts that do not comply with it.

This information is intended solely for the use of the Township Board and management of Raisin Charter Township and should not be used for any other purpose. If you have any questions concerning the implementation of our recommendations feel free to call us.

Very truly yours,

A handwritten signature in cursive script that reads "Gross, Puckey, Gruel & Roof, P.C.".

Gross, Puckey, Gruel & Roof, P.C.